



Employment Security Department

WASHINGTON STATE

Workforce Innovation and Opportunity Act Policy Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5413

To: Washington WorkSource System

Effective Date: August 30, 2016

Subject: Personnel Responsibilities and Limitations under WIOA Title I-B

1. Purpose:

To provide guidance and instructions on the limitations on payment of salaries, wages, staff incentives, and bonuses in order to comply with federal laws, regulations, and guidance.

This policy applies to all levels of participation in the WorkSource System funded by Title I-B of the Workforce Innovation and Opportunity Act (WIOA).

2. Background:

The WIOA defines the maximum limit to be set on the salaries, bonuses, and other benefits paid to individuals working in the WorkSource System and funded by WIOA funds. States may establish a lower limit for salaries and bonuses than is provided in the law, but the State is not exercising that discretion at this time.

WIOA rule 20 CFR Section 683.200, the [One Stop Comprehensive Financial Management Technical Assistance Guide \(TAG\)](#) and the [One-Stop Technical Assistance Guide, Part II \(2011\)](#) provide federal direction regarding cost principles and allowable activities funded under WIOA. General principles and guidance on allowable and unallowable costs are also provided in federal rules.

Commercial organizations, for profit entities, and foreign entities that are recipients and subrecipients of a Federal award must also follow the Uniform Guidance in 2 CFR Part 200,

including any exceptions identified by the Department of Labor under 2 CFR Part 2900, and the Federal Acquisition Regulations (FAR), including 48 CFR Part 31.

3. Policy:

a. Records Requirement

- i. Each entity receiving financial assistance under WIOA Title I-B in the form of salaries, wages, staff incentives and bonuses must maintain records sufficient to determine the amount received and the purposes for which it is expended, in keeping with WIOA Policy 5230 – Financial Management. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must comply with established accounting policies and practices of the recipient or subrecipient.
- ii. Each entity receiving financial assistance under WIOA Title I-B in the form of salaries, wages, incentives and bonuses must report such expenditures as required in WIOA Policy 5240 – Financial Reporting.
- iii. Documentation must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award, or on a Federal award and a non-Federal award, or on an indirect cost activity and a direct cost activity, or on two or more indirect activities, or on an unallowable activity.
- iv. The recording and reporting requirements described above do not apply to contractors providing goods and services as defined in 2 CFR Part 200. Those costs should be recorded and reported in the contract for goods or services. Recipient or subrecipient responsibility for the compliance of a contractor is only to ensure that the procurement, receipt, and payment for goods and services comply with laws, regulations, and the provisions of contracts or grant agreements, unless for some reason the contractor is responsible for program compliance or the contractor's records must be reviewed to determine program compliance. Those responsibilities must be covered by the terms and conditions of the contract.

b. State Board Requirements

- i. The State Board may hire a director and other staff to assist in carrying out the functions of the State Board. The payment of salary and bonuses of any staff as direct costs or indirect costs must not exceed the annual rate of basic pay prescribed under section 5313 of Title 5, USC for Level II of the Executive Schedule, as listed in the current Pay & Leave Salaries & Wages Pay Table for [Rates of Pay for the Executive Schedule](#). (\$185,100 effective January 2016)
- ii. The limitations described above do not apply to contractors providing goods and services as defined in 2 CFR Part 200.

c. Local Board Requirements

- i. The Local Board may hire a director and other staff to assist in carrying out the functions of the Local Board. The payment of salary and bonuses of any staff as direct costs or indirect costs must not exceed the annual rate of basic pay prescribed under section 5313 of Title 5, USC for Level II of the Executive Schedule as listed in the current Pay & Leave Salaries & Wages Pay Table for [Rates of Pay for the Executive Schedule](#). (\$185,100 effective January 2016)
- ii. The limitations described above do not apply to contractors providing goods and services as defined in 2 CFR Part 200.

d. Responsibilities for Personnel, Travel and Leave

i. General

- (1) Recipients and subrecipients must define in writing their personnel, travel and leave policies.
- (2) Local Personnel Policies must include the restrictions specified in this Policy.

ii. Travel

- (1) Foreign travel paid for by WIOA formula funds is strictly prohibited.
- (2) Recipients and subrecipients are required to define in writing the circumstances under which they will reimburse travelers for travel costs incurred for official business in carrying out their responsibilities to the WIOA system, including airline fees. It is expected that managers and supervisors will ensure controls are established that protect the recipient or subrecipient from excessive or erroneous travel reimbursements.
- (3) When a recipient or subrecipient's employee receives travel-related reimbursement in excess of the proper entitlement, the employee is liable for repaying the overpaid amount due within two calendar weeks of notification.
- (4) Travel can be deemed administrative, programmatic, or both, depending on whether the underlying functions which they support are classified as programmatic or administrative activities.

iii. Meals

- (1) Meals paid for by WIOA formula funds and eaten at home are strictly prohibited.
- (2) Recipients and subrecipients are required to define in writing the circumstances under which they will reimburse staff for meals.

iv. Time Allocation

- (1) Certain activities constitute administrative costs and are subject to administrative cost limitations. These costs can be both personnel and non-personnel and both direct and indirect. Administrative functions are listed at 20 CFR § 683.215(b). Efforts should be made to streamline administrative costs, minimize duplication and effectively use information technology to improve services.

- (2) Personnel and related non-personnel costs of staff that perform both administrative and programmatic functions must be allocated to the benefitting cost objectives, depending on the underlying functions which they support.
- (3) Recipients and subrecipients must follow state laws related to hours of labor and overtime (Chapter 49.28 RCW).

v. Paid Leave

Recipients and subrecipients are required to define in writing the circumstances under which they offer paid leave such as vacation, sick, parental, family emergency, Family Medical Leave Act (FMLA), military, life giving, inclement weather, and/or any other type of paid leave.

vi. Other

Payment of contracts with persons falsely labeling products as made in America is expressly prohibited.

4. Definitions:

Administrative costs – Expenditures incurred by State and local boards, direct recipients, local grant recipients, local fiscal agents or local grant subrecipients, and one-stop operators in the performance of administrative functions and in carrying out activities under Title I that are not related to the direct provision of workforce investment services (including services to participants and employers). Such costs include both personnel and non-personnel costs and both direct and indirect costs.

Benefits – Allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and private unemployment benefit plans. Except as provided elsewhere in these policies, the costs of benefits are allowable provided that the benefits are reasonable and are required by law, employer-employee agreement, or an established policy of the recipient or subrecipient. The cost of benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in §200.447 Insurance and indemnification); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies.

Bonuses – Money or an equivalent given in addition to an employee's usual compensation. Includes incentive payments given to paid staff. Whatever it is called, it represents additional salary given to reward desired performance. It does not include incentive pay used to encourage or motivate a recipient or subrecipient to act or to work harder.

Compensation and reasonable compensation – Compensation is the total amount of wages, salary, staff incentives, bonuses, and deferred compensation for the fiscal year, whether paid, earned, or otherwise accruing, as recorded in an employer's cost accounting records for the fiscal year. Compensation for personal services may also include benefits. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the recipient or subrecipient. In cases where the kind of employees required for Federal awards are not found doing other activities for the recipient or subrecipient, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the recipient or subrecipient competes for the kind of employees involved.

For compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs. This may include director and executive committee member fees, incentive awards, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost-of-living differentials.

Contractor (Previously Vendor) - An entity responsible for providing generally required goods or services related to the administrative support of the Federal award. These goods or services may be for the recipient's or subrecipient's own use or for the use of participants in the program. Distinguishing characteristics of a contractor include:

- Providing the goods and services within normal business operations;
- Providing similar goods or services to many different purchasers;
- Operating in a competitive environment; and;
- Program compliance requirements do not pertain to the goods or services provided.

Incentive pay or staff incentives – A payment or series of payments that encourage or motivate a recipient or subrecipient to act or to work harder. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the recipient or subrecipient and the employees before the services were rendered, or pursuant to an established plan followed so consistently as to imply an agreement to make such payment.

Leave – The cost of benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits. These leave benefits are allowable if all of the following criteria are met:

- (1) They are provided under established written leave policies;

- (2) The costs are equitably allocated to all related activities, including Federal awards; and,
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the recipient or subrecipient or specified grouping of employees.

Recipient or subrecipient - A state, local government, Indian tribe, institution of higher education (IHE), for-profit entity, foreign public entity, foreign organization or nonprofit organization that carries out a Federal award as a recipient or subrecipient. Also referred to as a non-Federal entity.

Unallowable costs - Costs which are unallowable under other sections of the law must not be allowable solely on the basis that they constitute personnel compensation.

5. References:

- Public Law 113-128; Sections 3; 108(b)(19); 121(e)(1)(B); § 181(b); 181(e); 194(15); 502(c)
- Final rule: 20 CFR Section 679.410
- Final rule: 20 CFR Sections 683.200 through 683.270
- 2 CFR § 200.430 Compensation—personal services, incentive pay
- 2 CFR § 200.431 Compensation—fringe benefits
- 2 CFR part 2900 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 5 USC § 5313 – Positions at level II
- Office of Personnel Management, Policy, [Pay & Leave](#)
- Chapter 49.28 RCW (Hours of Labor)
- Office of Financial Management [SAAM Manual 10.40.40](#) Meals

6. Supersedes:

N/A

7. Website:

[Workforce Innovation & Opportunity Act \(WIOA\) Title I Policies](#)

8. Action:

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

None.

Direct Inquiries To:

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